

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAI'I

----- In the Matter of -----)	
)	
PUBLIC UTILITIES COMMISSION)	DOCKET NO. 05-0002
)	
Instituting a Proceeding to Investigate the)	
Issues and Requirements Raised by, and)	
Contained in, Hawai'i Revised Statutes)	
486H, as Amended)	
_____)	

**SHELL OIL COMPANY'S RESPONSE TO
THE PUBLIC UTILITIES COMMISSION'S
INFORMATION REQUESTS PUC-IR-42 TO PUC-IR-50**

AND

CERTIFICATE OF SERVICE

FILED
2006 JAN -6 P 3:36
PUBLIC UTILITIES
COMMISSION

KOBAYASHI SUGITA & GODA

CLIFFORD K. HIGA 2950-0
BRUCE NAKAMURA 6518-0
KENNETH M. NAKASONE 6942-0
999 Bishop Street, Suite 2600
Honolulu, HI 96813
Telephone No.: (808) 539-8700
Attorneys for SHELL OIL COMPANY

**SHELL OIL COMPANY'S RESPONSE TO
THE PUBLIC UTILITIES COMMISSION'S
INFORMATION REQUESTS PUC-IR-42 TO PUC-IR-50**

SHELL OIL COMPANY ("Shell") respectfully submits its response to the Public Utilities Commission of the State of Hawai'i's ("Commission") Information Requests, PUC-IR-42 to PUC-IR-50 ("Information Requests"). Shell advises that this response is made without prejudice to its previously filed HAR § 6-61-23(a) request for an extension to respond to the Information Requests, timely submitted to the Commission on January 5, 2006 – and to which the Commission has not yet acted on. In this extension request, Shell advised this Commission that much of the information requested (e.g. ethanol supply in PUC-IR-46 and PUC-IR-47 and barging rates in PUC-IR-49) remains contingent on third parties. For instance, the timing of initial fill dates, initial ethanol cargo load and delivery dates requested in PUC-IR-45 are contingent on the actions of third parties. As such, Shell advised that additional time was required for Shell to provide a meaningful, substantive response to the information requests submitted herein.

Subsequent to Shell's filing of this extension request, Shell was advised by the Commission that notwithstanding its pending request, it prefers that Shell file an initial response to the Information Requests, without prejudice to Shell supplementing said response at a later time. Accordingly, Shell hereby submits its initial response to the Information Requests, and specifically notes that said response is without prejudice to supplementing said response at a later time.

With regard to **PUC-IR-42 to PUC-IR-44**, those information requests are directed solely to Chevron and Tesoro. Therefore, Shell responds that PUC-IR-42 to PUC-IR-44 are inapplicable to Shell:

With regard to **PUC-IR-45 to PUC-IR-50**, Shell responds as follows:

PUC-IR-45 The Commission appreciates the input from the Parties that the supply lines for imported ethanol are tenuous. For this reason, the costs associated with insuring a more reliable supply chain are important to reflect, and the status of establishing the supply lines and infrastructure is critical to understand. With the lead times necessary to finalize capital and expense related work for ethanol, and to secure ethanol in the imported market, as well as transportation re-distribution to neighbor islands, we understand that each Party should have specific actions underway to meet this critical date.

Consequently, please identify in a timeline format (either MS Project or Excel), the specific operational plans that you are undertaking to meet the April 2006 mandate. These plans should reflect the timing of completion and testing of terminal and service station facilities in each zone, initial fill dates for ethanol and RBOB [Reformulated Gasoline Blendstock for Oxygenate Blending] gasoline production, initial ethanol cargo load and delivery dates (for ethanol importing Parties), and any other critical actions related to the ethanol mandate.

RESPONSE

In response to PUC-IR-45, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law, and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it “recommend[ed] postponement of discussions regarding adjustments to the gas cap formula until approximately February

2006 when Shell will be better positioned to have a meaningful discussion of the issues.”
See Shell’s Response to Order No. 22056 at p. 5. Shell’s position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005, and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission’s rulings relating to the Gas Cap Law.

PUC-IR-46 Please identify target inventory volume levels and days supply for neat ethanol² if you are an ethanol importer or have or will have ownership of ethanol in the State. Please identify any change in target inventory levels for gasoline post-ethanol after April 2006 (i.e., RBOB plus neat ethanol total volume in days supply) versus current inventory target levels.
[² Neat ethanol is a pure ethanol fuel, not a gasoline-ethanol blend.]

RESPONSE

In response to PUC-IR-46, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law,

and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it “recommend[ed] postponement of discussions regarding adjustments to the gas cap formula until approximately February 2006 when Shell will be better positioned to have a meaningful discussion of the issues.” See Shell’s Response to Order No. 22056 at p. 5. Shell’s position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005, and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission’s rulings relating to the Gas Cap Law.

- PUC-IR-47** For Parties who may be importing ethanol, please provide the following information on your ethanol acquisition plans:
- a) Are you developing term ethanol supply arrangements or utilizing spot ethanol purchases?
 - b) If term, please identify the ethanol cost basis (if not finalized, please discuss the potential arrangement and pricing basis)
 - c) Please identify the expected method of delivery of the ethanol, freight contract arrangements (term or spot), and the potential cost for transporting the ethanol. If terms are not finalized, please discuss the potential arrangement and cost basis.

RESPONSE

In response to PUC-IR-47, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law, and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it “recommend[ed] postponement of discussions regarding adjustments to the gas cap formula until approximately February 2006 when Shell will be better positioned to have a meaningful discussion of the issues.” *See* Shell’s Response to Order No. 22056 at p. 5. Shell’s position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005, and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission’s rulings relating to the Gas Cap Law.

PUC-IR-48 Please provide the specific capital and expense costs being incurred to prepare for the implementation of the ethanol mandate, overall and on a zone-by-zone and terminal basis. Please provide your current best estimate of costs on both a total and a cents per gallon (“cpg”) basis. The cpg cost figures should be total ethanol mandate-related cost divided by total terminal gasoline volume throughput (RBOB plus ethanol) over a 12 month period. Any volume being throughput for third parties at the terminal should be included in the cpg cost.

RESPONSE

In response to PUC-IR-48, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law, and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it “recommend[ed] postponement of discussions regarding adjustments to the gas cap formula until approximately February 2006 when Shell will be better positioned to have a meaningful discussion of the issues.” See Shell’s Response to Order No. 22056 at p. 5. Shell’s position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005,

and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission's rulings relating to the Gas Cap Law.

PUC-IR-49 For applicable Parties, please provide the specific incremental barging operational costs expected to be incurred to meet the ethanol mandate. The barging costs provided in IRs in 2004 should be used as a basis, adjusted to any new barge contract terms. These should be identified and compared, on cpg basis, to the costs to transport the RBOB and neat ethanol to the same locations.

RESPONSE

In response to PUC-IR-49, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law, and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it "recommend[ed] postponement of discussions regarding adjustments to the gas cap formula until approximately February 2006 when Shell will be better positioned to have a meaningful discussion of the issues."

See Shell's Response to Order No. 22056 at p. 5. Shell's position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005, and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission's rulings relating to the Gas Cap Law.

PUC-IR-50 - Please identify the typical capital amortization period used to recover capital costs for investments in terminal modifications in Hawaii and other mainland locations.

RESPONSE

In response to PUC-IR-50, Shell respectfully objects to this information request on the basis that it is overly broad and unduly burdensome; calls for speculation and information otherwise not known to Shell; and requests information not within the present possession, custody, or control of Shell.

Without waiving the foregoing objections and to the extent the request is understood, Shell advises that it is still seeking to ascertain basic plans for sourcing, transportation, storing, and expensing ethanol to comply with the upcoming ethanol law, and submits that it is currently not in a position to be able to provide a meaningful substantive response to the present request.

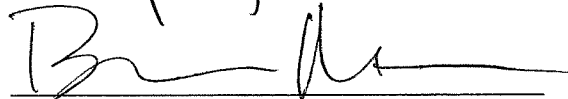
Shell would respectfully note that in its previously filed Response to Order No. 22056 filed herein on December 1, 2005, it "recommend[ed] postponement of

discussions regarding adjustments to the gas cap formula until approximately February 2006 when Shell will be better positioned to have a meaningful discussion of the issues.” See Shell’s Response to Order No. 22056 at p. 5. Shell’s position as to when it expects to be prepared to be able to provide substantive discussion on the plans for ethanol has not changed. As such, Shell reiterates its pending request for an extension of time to submit a substantive response to this information request until at least after February 15, 2005, and advises the Commission that it will supplement its response as the necessary information becomes available.

Finally, by its response, Shell does not intend to waive or relinquish any of its rights relating to the present or future appeal of this Commission’s rulings relating to the Gas Cap Law.

DATED: Honolulu, Hawai‘i

January 6, 2006



CLIFFORD K. HIGA
BRUCE NAKAMURA
KENNETH M. NAKASONE
Attorneys for SHELL OIL COMPANY

CERTIFICATE OF SERVICE

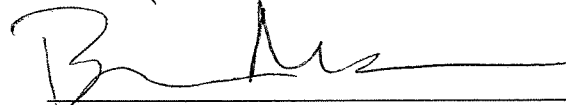
The undersigned hereby certifies that a true and correct copy of the above document was duly served upon the following parties in the manner described at their following last known addresses:

	<u>HAND- DELIVER</u>	<u>U.S. MAIL</u>
STACY K. DJOU, ESQ. Chief Counsel Hawaii Public Utilities Commission 465 S. King Street, Suite 103 Honolulu, HI 96813	X	
JON S. ITOMURA, ESQ. Division of Consumer Advocacy Dept. of Commerce and Consumer Affairs 335 Merchant Street, Rm. 326 Honolulu, Hawaii 96813	X	
MICHAEL H. LAU, ESQ. KENT D. MORIHARA, ESQ. Davies Pacific Center 841 Bishop Street, Suite 400 Honolulu, HI 96813 Attorneys for CHEVRON U.S.A. INC.	X	
CRAIG I. NAKANISHI, ESQ. Pacific Guardian Center, Mauka Tower 737 Bishop Street, Suite 2400 Honolulu, HI 96813 Attorney for TESORO HAWAII CORP.	X	

KELLY G. LAPORTE, ESQ.
MARC E. ROUSSEAU, ESQ.
Cades Schutte Building
1000 Bishop Street, Suite 1200
Honolulu, HI 96813
Attorneys for HAWAII PETROLEUM
MARKETERS ASSOCIATION

X

DATED: Honolulu, Hawai'i, January 6, 2006.

A handwritten signature in black ink, appearing to read "Clifford K. Higa", written over a horizontal line.

CLIFFORD K. HIGA
BRUCE NAKAMURA
KENNETH M. NAKASONE
Attorneys for SHELL OIL COMPANY